

~~SECRET~~
A23.WASHINGTON POST
8 January 1987

North Is Said To Have Kept Cash in Office

Contra Expenses Reportedly Paid

By Robert Parry
Associated Press

Lt. Col. Oliver L. North, while overseeing a network to assist Nicaraguan rebels the past two years, managed cash and other funds out of his National Security Council office to pay for contra expenses, according to sources in the administration and the aid network.

One well-placed administration official said that around "Christmas-time 1984," North even used his office safe to store cash that North said was "for the contras."

The official, who insisted on anonymity, said North had begun collecting money from private donors for the contras in October and November 1984 and put "the money in his office, in his safe drawer." The official said he believed North used his safe "before he could set up bank accounts" for the funds.

The official said "money was passing through" North's office to pay for contra expenses, but did not know how much or precisely what it was spent on.

Four other sources, interviewed by The Associated Press, claimed to have been told by principals in the contra support network that they were receiving cash from the NSC during 1985 when North was the NSC official in charge of contact with the contras.

Last year, AP reported that North used intermediaries to manage an aid network that provided the contras with money, advice and weapons.

At the time, Congress had barred the Reagan administration from "directly or indirectly" assisting the contras militarily. The White House has denied violating that ban.

A White House official, stressing that he had no knowledge of North's storing cash in his NSC

safe, did say, speaking hypothetically, that it would not necessarily be improper for a White House office to be used to manage or disburse money, so long as the reason for the disbursement was legal.

The official was speaking for the administration, but asked that his name not be used.

North was fired Nov. 25 for his role last year in diverting profits from secret Iranian arms sales to aid the contras, although congressional investigators say they still don't know how much money from Swiss bank accounts controlled by North actually went to aid the rebels.

One administration official said North's safe used to store the contra money in 1984 coincidentally was the same one where \$1,000 in cash was put after it was given to President Reagan's first national security adviser, Richard V. Allen, by two Japanese journalists in January 1981.

Although North's use of Allen's safe to store contra funds could not be independently confirmed, North was one of three military officers detailed to the NSC who discovered the Allen money on Sept. 15, 1981, according to two White House sources. Allen was cleared of any wrongdoing, although the controversy contributed to his resignation early in 1982.

Two congressional select committees and independent counsel Lawrence E. Walsh are investigating the Iran-contra affair as well as how the contras were funded since 1984.

One American involved in the contra aid network, Jack Terrell, said yesterday that he was told by Robert W. Owen in January 1985 that Owen carried \$10,000 a month in cash from the NSC to John Hull, an American farmer living in northern Costa Rica, who assisted the Nicaraguan rebels.

Owen has since been identified by administration and contra sources as a key intermediary between North and the rebels. Hull has been described by Terrell and others as a liaison to the CIA.